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The President's Daily Brief

28 July 1973

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~~*Top Secret*~~ 25X1

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EYES ONLY FOR THE PRESIDENT

CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

TOP SECRET

July 28, 1973

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EYES ONLY FOR THE PRESIDENT

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THE PRESIDENT'S DAILY BRIEF

28 July 1973

PRINCIPAL DEVELOPMENTS

The Chinese have rescheduled several imminent visits by foreign delegations, possibly in order to hold important meetings in advance of the 10th party congress. *(Page 1)*

A speech by Brezhnev has set the tone for the annual Crimean gathering of Warsaw Pact leaders. *(Page 2)*

On *Page 3* we discuss Sadat's speech following the US veto at the UN.

Sana Government leaders complain that the Saudis are trying to remove President Iryani. *(Page 4)*

Japan is preparing to provide $50 million in humanitarian aid to South Vietnam on a bilateral basis. *(Page 5)*

Fidel Castro showed continued hostility toward the US in his Revolution Day speech, and denounced those who speak of the "two imperialisms" of Moscow and Washington. *(Page 6)*

Notes on the Soviet naval task force approaching Cuba, continued unrest in the Greek Army, British moves to protect the pound, Australia's wheat export estimates, and Colombia's plans to expropriate a US company appear on *Pages 7 and 8.*

At Annex, [redacted] 25X1
[redacted] Peking [redacted] 25X1
[redacted] 25X1

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CHINA

The Chinese have recently postponed a number of visits by foreign delegations scheduled for late this month or early in August, raising the possibility that important meetings in advance of the 10th party congress may be imminent. No public reference to the congress has yet appeared in Chinese media, however, which suggests that Peking is keeping its options open as to timing.

In fact, high-level meetings have been under way off and on since late March. These meetings involved at least a temporary settling of accounts from the Lin Piao affair and plans for reinstatement to the party central committee of some leaders ousted during the Cultural Revolution. [redacted] 25X1

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USSR

The third annual Crimean conference of Warsaw Pact political leaders will probably begin on Monday and last one or two days. Brezhnev set the tone on some of this year's likely topics in a speech in Kiev on Thursday.

Brezhnev spoke with considerable warmth about detente with the West, particularly the US. He avoided mention of any world trouble spots, attacks on imperialism, or discussion of vigilance. Noting that "some circles abroad" continue to try to foster tension and increased military spending and that the contest between socialism and capitalism goes on, he concluded that the point is to keep the contest out of the military sphere.

Brezhnev also devoted considerable attention to the opportunities created by CSCE. His allies undoubtedly were delighted that he took pains to highlight the role of small states in an era of detente to reassure them that their interests would not be overridden by the big powers.

Although Brezhnev did not mention China in his speech, the issue of relations with Peking is almost certain to be discussed at the summit. Romania, which is trying to maintain balanced ties between the USSR and China, will be on the griddle on this account.

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Ceausescu apparently calculates that Brezhnev's commitment to detente will mitigate the Soviet reaction to this first participation in such a gathering by a Warsaw Pact country.

Yesterday, Brezhnev arrived in the Crimea where he met with French Foreign Minister Jobert. A number of Communist leaders are already in the USSR and others are planning to arrive over the weekend.

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EGYPT

In a speech shortly after the US veto at the UN, President Sadat charged that the US action proves conclusively that Washington and Tel Aviv are engaged in a campaign to force Egypt to sue abjectly for peace. In contrast to earlier speeches, however, Sadat spoke in measured tones, noting that Egypt must not react "nervously or emotionally" but must prepare for a struggle that could last generations. He also implicitly admitted that the US-Soviet detente has halted Egyptian war plans.

While Sadat is not prepared to use the US veto as the occasion to begin military action, he apparently views it as having blocked diplomatic progress. He did not indicate that the veto would impede UN Secretary General Waldheim's planned visit to the Middle East, but noted that Egypt's diplomatic campaign, begun early this year with Hafiz Ismail's visits to the US and Western Europe, ended with the veto.

Sadat implied that at this point no acceptable diplomatic path is open to Egypt.

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YEMEN (SANA) - SAUDI ARABIA

[redacted] 25X1

[redacted] complaints by the Yemeni Minister of Interior to Ambassador Crawford that the Saudis are trying to bring down the Iryani government and replace it with a "war cabinet" that would take the offensive against Aden. The minister charged that the Saudis are seeking to install Prime Minister Hajri as president and remove other ministers Jidda regards as untrustworthy because of alleged leftist inclinations. 25X1

[redacted] 25X1

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JAPAN-VIETNAM

Tokyo states that it will soon extend emergency humanitarian aid to South Vietnam on a bilateral basis. Japan probably will provide some $50 million in grants and loans to help refugees. The Tanaka government will delay payments until after September 28, when the extended Diet session ends and spending approval will not be required. Earlier this year Tokyo granted Saigon nearly $2 million for refugee relief.

Despite South Vietnam's need for help in correcting its adverse balance of payments, Tokyo is willing to provide foreign exchange grants only in a multilateral context, as it is doing in Laos and Cambodia. It may consider a commodity import loan, however, which could generate local currency for refugee programs as well as help finance imports.

Over the longer term, Japan will use multilateral channels for large-scale development aid for South Vietnam. Tokyo is awaiting the establishment of a donors' consortium before deciding how much aid it will provide.

Except for limited humanitarian aid, Japan's economic assistance to North Vietnam remains contingent on the establishment of diplomatic ties. Negotiations began in Paris on Wednesday.

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CUBA

Fidel Castro showed unrelenting hostility toward the US in his anniversary speech on July 26. By depicting the US and Cuba as clear-cut adversaries, he underscored his rejection of detente. He also showed that he believes continued confrontation provides the best means to capitalize on what he sees as an anti-US trend in Latin America. His call for the replacement of OAS by a new regional body was a sharp rebuff to Latin American leaders who have been trying to reactivate Cuba's suspended membership in the organization.

Castro's refusal to participate in Moscow's policy of detente does not imply a deterioration in relations with the USSR. He had warm praise for Soviet economic and military assistance and defended the USSR against "certain leaders of the third world" who lump together the US and the USSR as "two imperialisms."

Castro spoke with an eye to the coming non-aligned conference in Algeria. He probably will attend and attempt to orient the proceedings against the US.

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NOTES

USSR-Cuba: The small Soviet naval group approaching Cuba is expected to enter the Caribbean tomorrow, Soviet Navy Day. The guided-missile cruiser, destroyer, and tanker could be accompanied by an F-class diesel attack submarine and possibly by an E-II nuclear-powered cruise missile submarine--types which have visited Cuba before. [redacted] 25X1

Greece: Reports of unrest in the armed forces continue as tomorrow's plebiscite approaches. [redacted] 25X1 25X1

[redacted] It seems [redacted] likely, however, that their concern is motivated by suspicion that Papadopoulos, as president, will usurp their present personal power. For his part, Papadopoulos gave no hint of being intimidated during his nationwide address yesterday, in which he warned that he would deal harshly with any division in the country. 25X1

UK: London moved yesterday to relieve pressure on the pound by making heavy purchases of sterling and raising the minimum lending rate from 9 to 11.5 percent--an all-time high. Sterling advanced by one percent following these actions. The boost in the lending rate should help prevent overheating the domestic economy later in the year. Britain's GNP had been expected to rise by six percent--double the country's normal rate--through the rest of 1973, and strains on industrial capacity are already appearing.

Australia: Canberra expects to export eight to nine million tons of wheat from next year's crop, compared to about four million tons this year. Commitments for 1974 of 730,000 tons have already been made to Japan [redacted] 25X1 25X1

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Colombia: President Pastrana has announced he will seek legislation to expropriate without compensation the holdings of the US-owned International Mining Corporation. IMC-controlled properties account for about 70 percent of Colombia's gold output, but their production has been dropping for the past decade as a result of declining reserves. The President's move follows IMC's refusal of a government proposal that the company relinquish 51-percent interest in its operating gold mines in exchange for a 49-percent share in a new joint venture. Company management is divided; some regard the threat as a ploy. The government, however, may find it impossible to back down from its public pronouncements in this pre-election period.

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CHINA

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ANNEX

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